

§ 58-41-30. Loss of reinsurance.

An insurer may cancel or refuse to renew a kind of insurance when the cancellation or nonrenewal is necessary because of a loss of or substantial reduction in applicable reinsurance, by filing a plan with the Commissioner pursuant to the requirements of this section. The insurer's plan must be filed with the Commissioner at least 15 business days prior to the issuance of any notice of cancellation or nonrenewal. The insurer may implement its plan upon the approval of the Commissioner, which shall be granted or denied in writing, with the reasons for his actions, within 15 business days of the Commissioner's receipt of the plan. Any plan submitted for approval shall contain a certification by an elected officer of the company:

- (1) That the loss or substantial change in applicable reinsurance necessitates the cancellation or nonrenewal action;
- (2) That the insurer has made a good faith effort to obtain replacement reinsurance but was unable to do so because of the unavailability or unaffordability of replacement reinsurance;
- (3) Identifying the category of risks, the total number of risks written by the company in that category, and the number of risks intended to be cancelled or not renewed;
- (4) Identifying the total amount of the insurer's net retention for the risks intended to be cancelled or not renewed;
- (5) Identifying the total amount of risk ceded to each reinsurer and the portion of that total that is no longer available;
- (6) Explaining how the loss of or reduction in reinsurance affects the insurer's risks throughout the kind of insurance proposed for cancellation or nonrenewal;
- (7) Explaining why cancellation or nonrenewal is necessary to cure the loss of or reduction in reinsurance; and
- (8) Explaining how the cancellations or nonrenewals, if approved, will be implemented and the steps that will be taken to ensure that the cancellation or nonrenewal decisions will not be applied in an arbitrary, capricious, or unfairly discriminatory manner. (1985 (Reg. Sess., 1986), c. 1027, s. 14.)